



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



MARCH 21, 2000

**Rail Mergers On Hold.** In an unprecedented move, the Surface Transportation Board (STB) placed a 15-month moratorium on railroad mergers in the United States after hearing 4 days of testimony describing deteriorating rail service and increased freight costs, as shippers shift to more costly truck transport. The action follows a merger decision by Burlington Northern Santa Fe (BNSF) and Canadian National (CN), and effectively blocks any plans by the railroads for filing a merger application. "I cannot in good conscience allow further actions to occur that I believe would run the risk of creating more disruption and instability," said STB Chairman Linda Morgan. The U.S. railroad industry has experienced a series of mergers since the mid-1990's, marked largely by service disruptions and serious adverse affects on the viability of its customers. Chairman Morgan continued, "We recognize our action is unprecedented. But these are not ordinary circumstances, and we see no way of adequately protecting the public interest short of the steps we have outlined here." The moratorium will allow the STB to develop new rules for mergers and effectively block any future rail mergers for 2 1/2 years when combined with the board's 16-month review process. John Snow, chairman and chief executive officer of CSX, having recently shared the acquisition of Conrail with Norfolk Southern, and still dealing with postmerger service disruptions, viewed the proposed BNSF-CN merger as a threat to the future of the entire rail industry. In referring to the STB decision, Snow stated that it "clearly reflects the unstable nature of the industry." The decision also received the political support of House Transportation Committee Chairman Bud Schuster (R-PA) and Senator Byron Dorgan (D-ND), who expressed the hope that the Board's new policies will ban all mergers. However, BNSF chairman, Robert Krebs, was "extremely disappointed" by the decision. Krebs said the decision would "penalize BNSF and CN, the two major North American railroads who are taking care of their customers, because of failures of other railroads whose mergers have resulted in debilitating and costly service failures for shippers." Also disappointed, Kathy Luhn, spokeswoman for the National Industrial Transportation League, stated, "This keeps the status quo for another year and a half--poor service and at the same time rising rates." (*LA Times, NY Times, Baltimore Sun, Richmond Times Dispatch, Washington Times, Washington Post, Chicago Tribune, 3/18, USDA*).

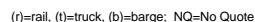
**Farmers Protest Prices.** More than 2,000 protestors, many from Minnesota and North Dakota, gathered in Washington, DC, early this week seeking higher prices for their commodities, a change to the 1996 Freedom to Farm legislation, and attention to issues such as the proliferation of agribusiness mergers. Those who attended the 2-day Rally for Rural America, organized by the National Farmers Union and a coalition of other farming organizations, agreed that the Freedom to Farm law needed to be changed. The current legislation was intended to gradually reduce price supports, while allowing farmers the opportunity or freedom to produce what they choose. Unforeseen circumstances, however, such as the Asian financial crisis, contributed to the unhealthy farm economy, as an increase in crop yields and a limited export market resulted in reduced prices to U.S. producers. Without the safety net, several multibillion-dollar aid packages have since been passed to help farmers remain viable. "Family farmers have been the victim of bad public policy in this country, and it's time to straighten it out," said Senator Byron Dorgan (D-ND). U.S. Secretary of Agriculture, Dan Glickman, and Representative Earl Pomeroy (D-ND) also addressed the protestors, agreeing that the Freedom to Farm bill needs to be rewritten. "It's made farmers more dependent on Congress," which, Pomeroy stated, is "just dead wrong!" Secretary Glickman mentioned an Administration proposal which would allow money to be automatically directed to farmers so as to maintain crop revenue at or above 92 percent of their 5-year average. The current legislation is set to expire in 2002. (*AP 3/21, Reuters 3/20, USDA*)

**WTO Prospects for China May Be in Jeopardy.** How China reacts to the recent election in nearby Taiwan could affect its chances of being admitted into the World Trade Organization (WTO), according to U.S. officials. During recent presidential elections, Taiwan chose pro-independence party candidate, Chen Shui-bian, as its new leader. It is being reported, however, that Chinese leaders are distrustful of the party and the notion that Taiwan might now move toward formal independence. Both have been governed separately since 1949, when Communists won a civil war on the mainland. During his campaign, however, Taiwan's Chen maintained that he would not hold a referendum on independence or change the flag or constitution if elected. Still, recent reports also indicate that China views Taiwan as a "renegade" province that must be reunited with the mainland. Also, although China has already established separate trade agreements with several leading WTO members as a prerequisite for joining the trade organization, U.S. lawmakers warn that any provocation by China may jeopardize its WTO prospects. "It would ruin their chances of ever joining the WTO," said Senator Charles Grassley (R-IA). Congressional approval of permanent normal trade relations (NTR), which would guarantee China low tariff access to U.S. markets, would also be jeopardized. Likewise, without NTR approval, China has warned that it may withhold reciprocal trading rights from U.S. businesses. U.S. agriculture has been hopeful that China would become a substantial market for American agricultural products, following its admittance into the WTO. U.S. Commerce Secretary, Richard Daley and Secretary of Agriculture, Dan Glickman, are scheduled to visit China in April. (*AP 3/20, Reuters 3/20, USDA*)

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Futures:				03/17/00	Week Ago 03/10/00	Year Ago 03/19/99
Kansas City	Wht	Mar	2.9975	2.8900	3.0225	
Minneapolis	Wht	Mar	3.2750	3.2050	3.5225	
Minneapolis	Dur	Mar	4.3000	4.3000	n.a.	
Chicago	Wht	Mar	2.7525	2.6000	2.7575	
Chicago	Corn	Mar	2.4075	2.2675	2.2900	
Chicago	Sybn	Jan	5.3750	5.0975	4.8925	



Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans  
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources: U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA ([www.usda.ams.gov](http://www.usda.ams.gov))

Canada: Bids in CAN\$, Canadian Wheat Report, U.S. Wheat Associates, Washington, D.C.  
 U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA  
 U.S. Friday Local Cash Grain Prices, AgWeek, Grand Forks, ND  
 U.S. (except ND) - *Market News Report*, AMS, USDA ([www.usda.ams.gov](http://www.usda.ams.gov))  
 Sources: U.S. Milling

The graph displays the average cost per car for two different trading strategies over a three-year period. The BNSF-SWAP strategy (black line) and the UP-POOL strategy (purple line) both show a similar pattern of volatility, with peaks occurring around late 1997, late 1998, and late 1999. The UP-POOL strategy generally shows higher peaks and lower troughs compared to the BNSF-SWAP strategy. The tariff rate is consistently at \$0.

Delivery Month-Year	BNSF-SWAP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	105
Oct-97	175	200
Nov-97	180	230
Dec-97	125	220
Jan-98	65	145
Feb-98	-15	70
Mar-98	-90	10
Apr-98	-130	-30
May-98	-150	-10
Jun-98	-30	0
Jul-98	55	50
Aug-98	120	155
Sep-98	165	185
Oct-98	110	140
Nov-98	35	65
Dec-98	-10	15
Jan-99	-30	5
Feb-99	-40	0
Mar-99	-45	-5
Apr-99	-45	-10
May-99	-10	0
Jun-99	0	25
Jul-99	25	65
Aug-99	60	100
Sep-99	70	105
Oct-99	10	25
Nov-99	-40	-10
Dec-99	-45	-20
Jan-00	-45	-30
Feb-00	-40	-35
Mar-00	-40	-45
Apr-00	-50	-35
May-00	-45	-25
Jun-00	-10	5
Jul-00	15	25
Aug-00	35	45
Sep-00	40	50

Index - Percent of Tariff Rate

Weekly Movements Based on 4-Week Running Avg.

3-Yr Avg. Rate for Week

350%

300%

250%

200%

150%

100%

50%

01/04/95 05/03/95 08/30/95 12/27/95 05/01/96 08/28/96 12/25/96 04/23/97 08/20/97 12/17/97 04/15/98 08/12/98 12/09/98 04/07/99 08/04/99 12/01/99

<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Apr-00		Jun-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	11,999	2%	12,000	1%
<b>UP-GCAS</b>	5,400	0%	5,400	2%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Apr-00	May-00	Jun-00	Jul-00
BNSF-GF	\$(17)	\$(30)	\$(6)	\$15
UP-Pool	\$(8)	\$(12)	\$(8)	\$(0)

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Apr-00	May-00	Jun-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com),  
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

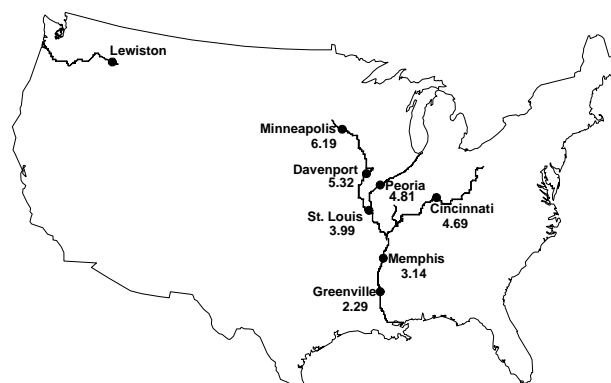
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended*	River/Region	Contract Period	Rate
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.			

(\*) we regret that this data is currently unavailable

**Southbound Barge Freight Spot Rates**

	3/15/00	3/8/00	Apr. '00	June '00
Twin Cities	223	225	213	213
Mid-Mississippi	184	187	174	177
Illinois River	177	183	164	165
St. Louis	135	144	132	133
Lower Ohio	153	170	143	145
Cairo-Memphis	132	136	130	131

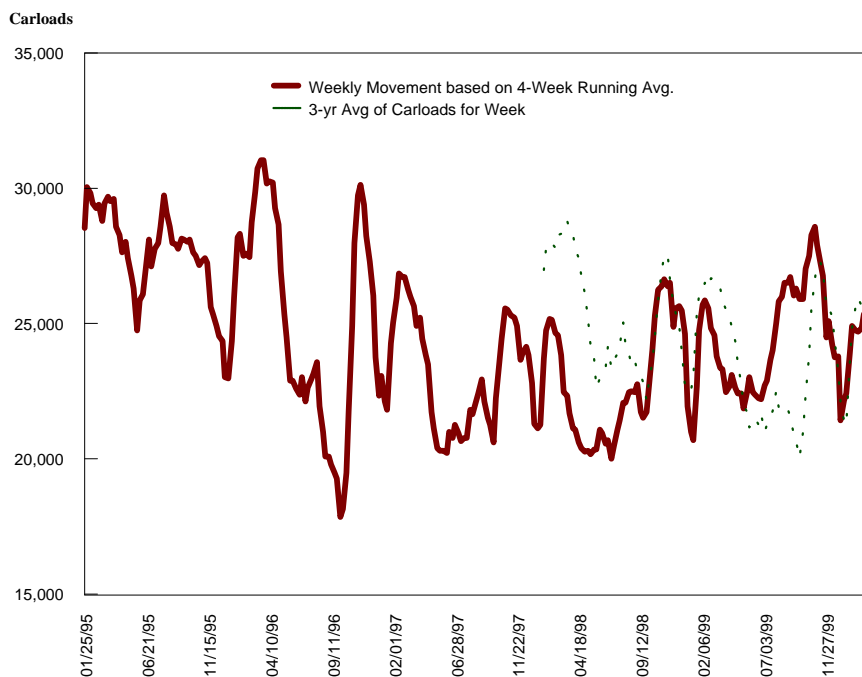
Source: Transportation & Marketing /AMS/USDA  
nq=no quote**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/26/00	24,743
3/4/00	25,858
3/11/00	24,817
Year to Date - 2000	251,752
Year to Date - 1999	246,029
Total 1999	1,269,741

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

Canoads									
	Conrail	CSXT	East		West			Canada	
			IC	NS	BNSF	KCS	UP	CN	CP
03/11/00	0	3,303	1,914	3,375	8,238	850	7,137	3,217	5,624
This Week Last Year	915	2,641	1,404	2,443	7,356	821	6,814	1,924	2,610
2000 YTD	0	29,014	19,831	30,140	87,508	6,744	78,515	29,013	42,606
1999 YTD	7,933	26,376	14,650	26,362	85,067	7,233	78,408	19,372	28,919
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

March 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
03/06/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
03/06/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
03/06/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
03/06/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
03/06/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
03/06/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
03/06/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
03/06/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
03/06/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
03/06/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

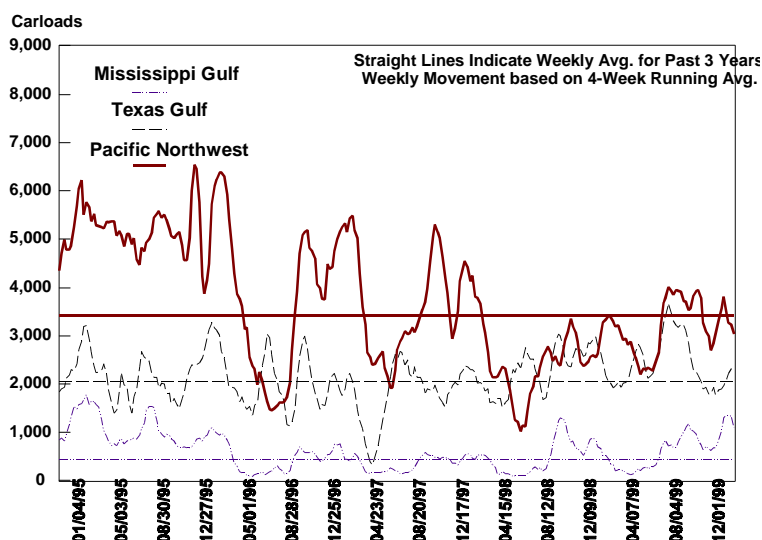
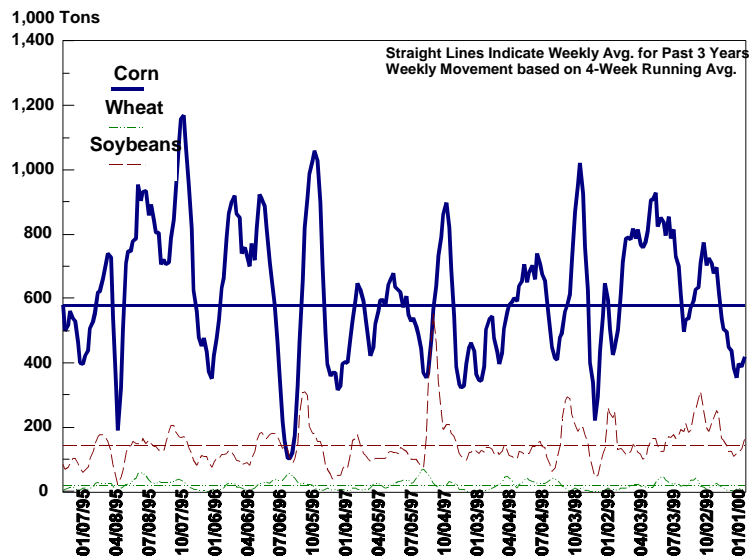
**Rail Deliveries to Port**

Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
02/02/00	1,302	1,668	3,282	105
02/09/00	1,810	2,370	3,896	830
02/16/00	1,187	2,580*	2,816	621
02/23/00	1,167	2,286*	3,128	525
03/01/00	1,195	2,046*	3,121	769
03/08/00	853	2,410*	3,102	770
YTD 2000	10,963	20,895*	32,673	4,943
YTD 1999	6,850	26,837	27,932	4,345
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation &amp; Marketing/AMS/USDA

\* Incomplete Data

**Rail Deliveries to Port****Barge Movements - Locks 27****Barge Grain Movements**

for week ending 3/11/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	120	0	21	141
Winfield, MO (L25)	110	2	108	220
Alton, IL (L26)	467	3	272	742
Granite City, IL (L27)	410	5	261	675
Illinois River (L8)	336	2	142	480
Ohio (L52)	82	5	20	124
Arkansas (L1)	0	8	6	14
2000 YTD	4,930	267	1,900	7,531
1999 YTD	5,028	485	1,337	7,745
Total 1999	31,001	2,401	8,674	45,134
Total 1998	31,226	2,420	8,866	45,625

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.  
Source: U.S. Army Corp of Engineers

**U.S. Export Balances** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
03/09/00	1,033	471	1,138	562	345	3,548	8,024	3,243	14,815
This Week Year Ago	1,523	678	898	663	250	4,012	7,875	2,918	14,805
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	8,792	3,371	4,336	3,121	755	20,374	25,996	18,094	64,464
98/99 YTD	8,412	1,623	5,203	4,558	735	20,531	24,514	17,713	62,758
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
03/16/00	128	181	96	155	540	443	51	14	62
2000 YTD	1,852	1,907	433	1,271	6,590	5,089	1,031	79	535
1999 YTD *	2,053	1,477	61	1,021	6,661	3,794	1,486	100	565
% of Last Year	17%	44%	66%	25%	21%	34%	14%	14%	38%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service \* YTD-Year-to-Date (\*98 = 53 week period)

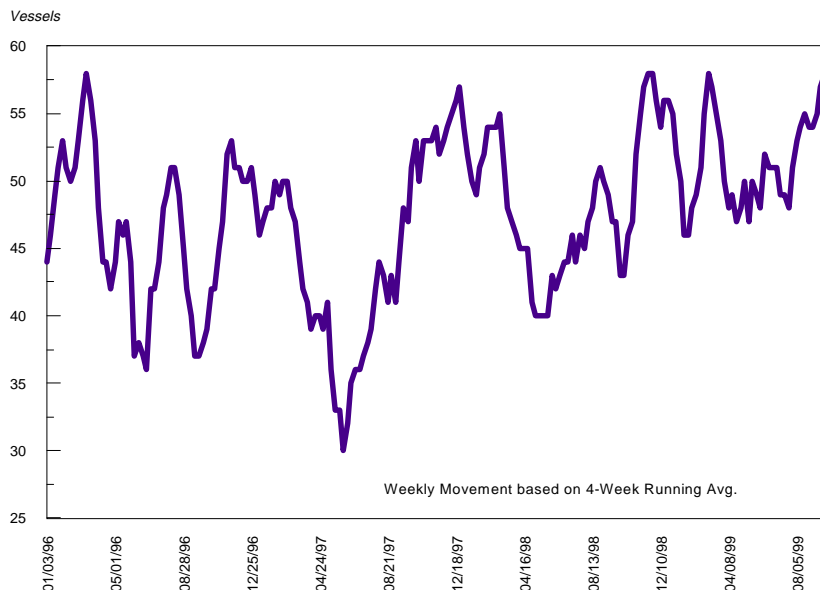
**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 3/16/00			
Vancouver	3,309	590	426
Prince Rupert	2,399	3	68
Prairie Direct	607	176	271
Thunder Bay	468	193	165
St. Lawrence	1,948	1,151	0
1999 YTD Exports	8,731	2,113	932
1998 YTD Exports	6,320	2,078	540
% of Last Year	138%	102%	173%

Source: Canadian Grains Commission

YTD-Year-to-Date Crop Year 8/1-7/31



**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

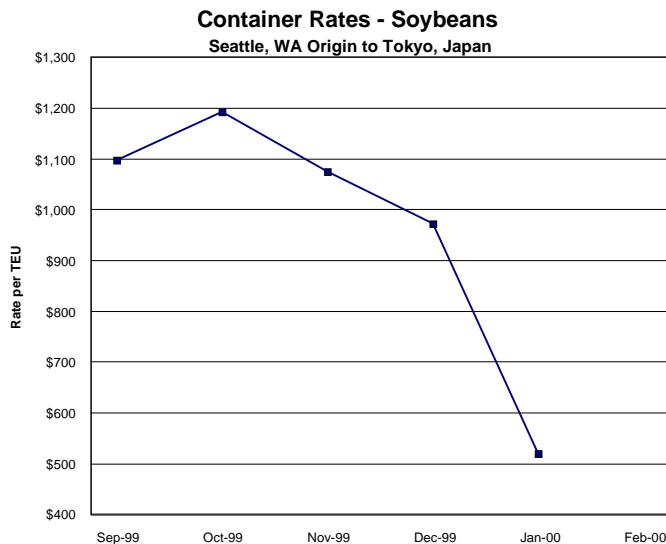
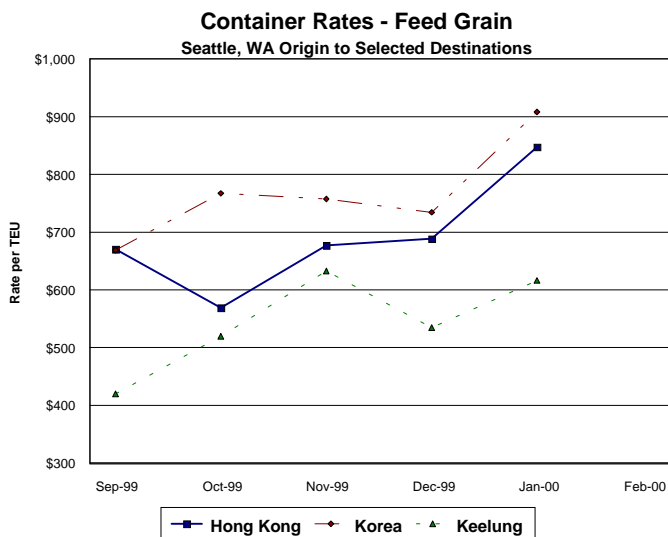
### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
03/09/00	47	52	58	9			10	10	3
03/16/00	40	50	68	9			6	8	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

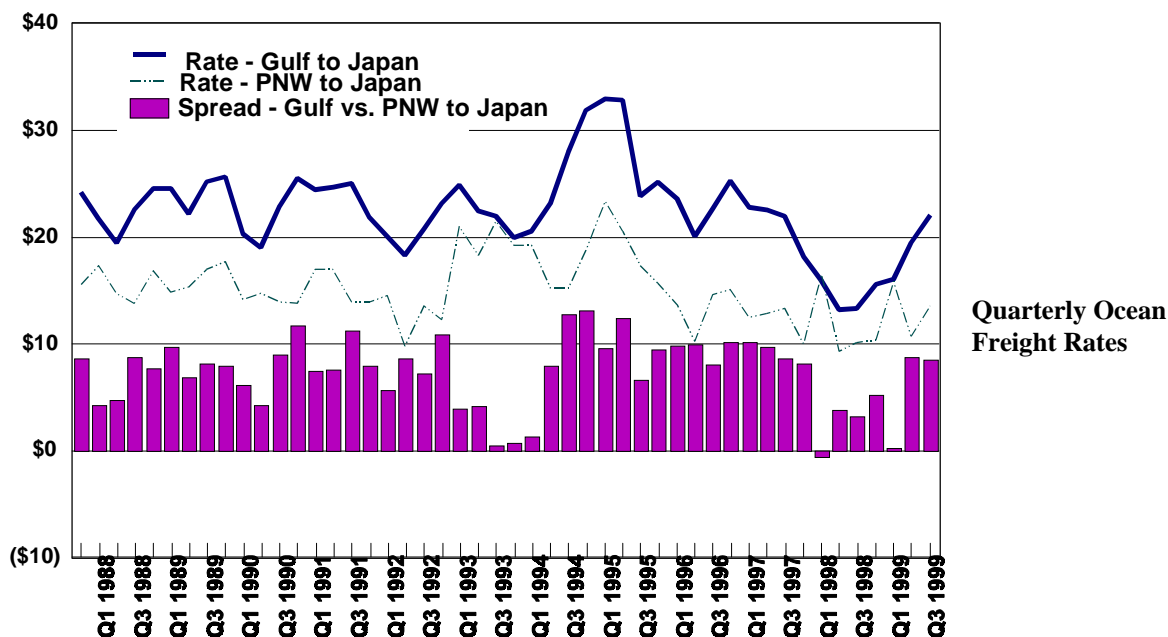
### Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

## US\$/Metric Ton



## Quarterly Ocean Freight Rates

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change		1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.07	\$13.33	66%	Japan	\$13.55	\$10.17	33%
Mexico	\$15.21	\$14.41	6%	Red Sea/ Arabian Sea			
Venezuela	\$12.10	\$10.87	11%				
N. Europe	\$13.68	\$8.81	55%	<b>Argentina to</b>			
N. Africa	\$21.65	\$15.26	42%	N. Europe	\$17.77	\$12.56	42%
				Japan			

Source: Transportation &amp; Marketing/AMS/USDA; (\*) rates shown are for metric ton (2,250 lbs.=one metric ton)

## Ocean Freight Rates (Select Locations) - week ending 3/18/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Costa Rica (WC)	Heavy Grain	Mar27/Apr1	30,500	\$15.00
Gulf	Holland	Heavy Grain	Prompt	60,000	\$13.20
Gulf	Turkey	Heavy Grain	Prompt	55,000	\$16.50
Gulf	Taiwan	Heavy Grain	Mar25/Apr5	40,000	\$16.25
Gulf	Japan	Heavy Grain	March/April	54,000	\$21.75/22.00
Paranagua	Lisbon/Hamburg	Heavy Grain	Prompt	55,000	\$15.75
R. Plate/B. Blanca/Nec.	Japan	Heavy Grain	Mar25/Apr5	56,000	\$24.25
Rouen (France)	Casablanca	Wheat	Mar17/24	21,000	\$11.00
No. China	Indonesia	Corn	Apr10/15	30,000	\$11.80
W. Australia	So. Korea	Wheat	Apr1/15	50,000	\$15.00

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated.